Rao Bahadur T. K. Nayar *(Minister for Public Health):* I second it.

Mr. President: The question is that the Cochin Cocoanut Committee Act (Amendment) Bill be taken up and finally passed tomorrow, *i.e.*, Wednesday, 13th August 1947.

Motion put and carried

(5) The Cochin Oil Seeds Committee Bill

Mr. Paul P. Mampilly *(Advocate-General):* I move that the Cochin Oil Seeds Committee Bill be read in Council.

Mr. P. Govinda Menon *(Minister for Food and Education):* I second it.

Mr. President: The question is that the Cochin Oil Seeds Committee Bill be read in Council.

Motion put and carried

Secretary to the Council: The title of the Bill is the Cochin Oil Seeds Committee Bill.

Mr. Paul P. Mampilly *(Advocate-General):* I move that Standing Order 32 may be suspended.

Mr. President: Standing Order 32 is suspended.

Mr. Paul P. Mampilly *(Advocate-General):* I move that the Cochin Oil Seeds Committee Bill be taken into consideration.

Mr. President: The question is that the Cochin Oil Seeds Committee Bill be taken into consideration.

Motion put and carried

The question is that Clauses 2 to 11 stand part of the Bill.

Motipn put and carried

The question is that Clause 1, title and preamble stands part of the Bill.

Motion put and carried

Mr. Paul P. Mampilly *(Advocate-General):* I move that the Cochin Oil Seeds Committee Bill be taken up and finally passed tomorrow.

Mr. President: The question is that the Cochin Oil Seeds Committee Bill be taken up and finally passed tomorrow, Wednesday, 13th August 1947.

Motion put and carried

(6) The Cochin Income-tax Act (Amendment) Bill

Mr. Paul P. Mampilly *(Advocate-General):* Sir, I move that the Cochin Income-tax Act (Amendment) Bill, as modified by the Select Committee, be taken into consideration. Sir, in moving the Bill for taking into consideration I submit that the Select Committee has made certain important changes in the Bill. The important changes that have been effected in the Bill relate to taxation of agricultural income in the Bill as originally framed the general income as well as the agricultural income were clubbed together and taxed as a whole, so that the rates of tax on the agricultural income as well as on general income were as given in the schedule to the Bill—that is the rate was for the first Rs. 1,500 there was no tax, next Rs. 3,500, 9 pies in the rupee and on the next Rs. 5,000, 1 anna and 6 pies in the rupee, and on the next Rs. 5,000 2 annas and 9 pies and on the balance, 4 annas.

Now according to the recommendation of the Select Committee, agricultural income is separated from the general income, and taxed separately. The tax on general income will be as provided for in the original Bill, but as regards agricultural income, they have given a separate schedule and separate rates of taxation are prescribed. That is found on page 14 of the printed Bill. Out of the total income, Rs. 3,000 set apart for the expenditure of the individual or family is deducted and in the case of an impartible estate, deduction given is at the rate of Rs. 250 for each members o. the family subject to a minimum of Rs. 3,000 and a maximum of Rs. 25,000. After deducting hat, on the balance of the income for the first Rs. 1,500 there will be no tax at all. On the next Rs. 3,500 the tax is 6 pies in the rupee, and on the next Rs. 5,000 one anna in the rupee and on every Rs. 5,000 slab above, the rate has been increased by half anna in the rupee till it reaches Rs. 35,000. After Rs. 35,000 the slab has been raised by Rs. 10,000, the rate of tax is 4 annas in the rupee. After that the slab has

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(*iii*) the following proviso shall be added, namely:—

"Provided that nothing in this section shall be deemed to authorise the examination of any description or formulae of any trade process.";

(*b*) sub-section (3) shall be omitted.

7. *Omission of section 11.*—Section 11 of the said Act shall be omitted.

Statement of Objects and Reasons

The Cochin Cocoanut Committee Act, IV of 1120 has been passed with a view to collaborate with the Government of India in their scheme for the improvement and development of the cultivation, marketing and utilisation of cocoanuts in India. The Indian Cocoanut Committee Act, X of 1944 on which our Act is based was passed as an emergency legislation but with a view to continuing the Act on a permanent basis the Government of India have amended their Act and provided specifically for the creation of a Cocoanut Improvement Fund. As a result of the working of the Act it has also been found necessary to effect certain minor changes on the lines of the provisions contained in other similar enactments. With a view to ensure smooth working of the scheme it is deemed necessary to adapt some of these amendments. Hence the Bill.

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APPENDIX X

THE COCHIN OIL-SEEDS COMMITTEE BILL

Preamble.—WHEREAS it is expedient to collaborate with the Government of India in their scheme for the improvement and development of the cultivation and marketing of oil-seeds and of the production, manufacture and marketing of oil-seed products; It is hereby enacted as follows:—

1. *Short title, extent and commencement.*—(1) This Act may be called the Cochin Oil-seeds Committee Act,.....of 112..

(2) It extends to the whole of Cochin State.

(3) It shall come into force on such date as Government may by notification in the Cochin Government Gazette specify.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context—

(*a*) "Collector" means the officer appointed by Government to perform in any specified area the duties of a Collector under the provisions of this Act and the rules made thereunder, and includes any officer subordinate to that officer whom he may by order in writing authorise to perform his duties under those provisions;

(*b*) "the Committee" means the Committee constituted by Government by notification in the Cochin Government Gazette;

(*c*) "Fund" means the Oil-seeds Improvement Fund referred to in sub-section (2) of section 3;

(*d*) "grower" means an agriculturist who grows oil-seeds, with or without the aid of hired labour;

(*e*) "mill" means any place in which oil-seeds are crushed with the aid of power which is a factory as defined in section 2 (*e*) of the Cochin Factories Act, II of 1113.

(*f*) "oil-seeds" does not include cocoanuts;

(*g*) "prescribed" means prescribed by rules made under this Act.

3. *Imposition of oil-seeds cess.*—(1) There shall be levied and collected on and after the date of the commencement of this Act as cesses for the purposes of this Act.—

(*a*) on all oils extracted from oil-seeds crushed in any mill in Cochin State, whether the oil-seeds are produced in or imported from outside Cochin State, a duty of excise at the rate of one anna per maund, and

(*b*) on all oil-seeds exported out of Cochin State to a destination outside India, a duty of customs at the rate of two annas per maund:

Provided that Government may from time to time and after consulting the Committee fix by notification in the Cochin Government Gazette a lesser rate at which the duty of excise or duty of customs shall be levied and collected:

Provided further that no such duty of customs shall be levied on any oil-seeds exported under a contract for export entered into before the aforesaid date.

(2) On the last day of each month, according to the English Calendar, or as soon thereafter as may be convenient, the proceeds of the duties recovered during that month shall, after deduction of the expenses, if any, of collection and recovery, be paid to the Committee and the Committee shall credit the said proceeds or any other monies received by it to a Fund to be called the Oil-seeds Improvement Fund.

4. *Appointment of Officers.*—Government may, on the recommendation of the Committee, appoint an officer or officers, to discharge under the direction of the Committee such duties as may be prescribed, and such officer or officers shall be paid by the Committee such salary and allowances as may be fixed by Government.

5. *Application of Fund.*—(1) The Committee shall apply the Fund to meeting the expenses of the Committee and the cost of such measures as it may consider necessary or expedient to take for the improvement and development of the cultivation and marketing of oil-seeds and of the production, utilisation, and marketing of oil-seed products.

(2) Without prejudice to the generality of the foregoing power, the Committee may utilise the Fund to defray expenditure involved in—

(*a*) undertaking, assisting or encouraging agricultural, industrial, technological and economic research, including research into food-value of oil seeds and oil-seed products;

(*b*) supplying technical advice to growers and millers;

(*c*) encouraging the adoption of improved methods of cultivation and storage of oil-seeds;

(*d*) producing, testing and distributing improved varieties of oil-seeds or assisting such work;

(*e*) assisting in the control of insect or other pests and diseases of oil-seeds both in the field and in storage;

(*f*) promoting the improvement of the marketing of oil-seeds and their products including the setting up and adoption of grade standards for oil-seeds and their products;

(*g*) collecting statistics from growers, dealers and millers on all relevant matters and promoting improvement in the forecasting of oil-seed crops and the preparation of all relevant statistics relating to oil-seeds and oil-seed products;

(*h*) maintaining and assisting in the maintenance of such institutes, farms and stations as it may consider necessary;

(*i*) advising and providing assistance on all matters connected with the improvement of the cultivation of oil-seeds (including advising on the best and most suitable varieties of oil-seeds to be cultivated) and the improvement of the industries using oil-seeds or their products;

(*j*) promoting and encouraging the co-operative movement in the oil-seeds industry;

(*k*) adopting such measures as may be practicable for assuring remunerative returns to growers;

(*l*) organising the establishment of growers', millers' and consumers' associations;

(*m*) aiding and encouraging the establishment of exhibitions for demonstrating the uses of oil-seeds and oil-seed products;

(*n*) adopting any other measures or performing any other duties which it may be required by Government to adopt or perform or which the Committee may itself think necessary or advisable in order to carry out the purposes of this Act.

6. (1) *Delivery of monthly returns.*—The owner of every mill shall furnish to the Collector, on or before the 7th day of each month, according to the English Calendar, a return stating the total amount of oils extracted in the mill during the preceding month, together with such further information in regard thereto as may be prescribed:

Provided that no return shall be required in regard to oils extracted before the commencement of this Act.

(2) Every such return shall be made in such form and shall be verified in such manner as may be prescribed.

7. *Collction of duty of excise.*—(1) On receiving any return made under section 6, the Collector shall assess the amount of the duty of excise payable under section 3 in respect of the period to which the return relates, and if the amount has not already been paid, shall cause a notice to be served upon the owner of the mill requiring him to make payment of the amount assessed within thirty days of the service of the notice.

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(2) If the owner of any mill fails so furnish in due time the return referred to in sub-section (1) of section 6 or furnishes a return which the Collector has reason to believe is incorrect or defective, the Collector shall assess the amount, if any; payable by him in such manner as may be prescribed, and the provisions of sub-section (1) shall thereupon apply as if such assessment had been made on the basis of a return furnished by the owner:

Provided that, in the case of a return which he has reason to believe is incorrect or defective, the Collector shall not assess the duty of excise at an amount higher than at which it is assessable on the basis of a return without giving to the owner a reasonable opportunity of proving the correctness and completeness of the return.

(3) A notice under sub-section (1) may be served on the owner of mill either by post or anchal or by delivering it or tendering it to the owner or his agent at the mill.

8. *Finality of assessment and recovery of unpaid duty of excise.*—(1) Any owner of a mill who is aggrived by an assessment made under section 7 may, within three months of service of the notice referred to in sub-section (1) of that section, apply to the District Judge for the cancellation or modification of the assessment and, on such application, the said Judge may cancel or modify the assessment and order the refund to such owner of the whole or part, as the case may be, or any amount paid thereunder.

(2) The decision under sub-section (1) of the District Judge shall be final.

(3) Any sum recoverable under section 7 may be recovered as an arrear of the land revenue.

9. *Power to inspect mills and take copies of records and accounts.*—(1) The Collector or any officer empowered by general or special order of Government in this behalf shall have free access at all reasonable times during working hours to any mill or to any part of any mill.

(2) The Collector or any such officer may, at any time during working hours with or without notice to the owner, examine the purchase, sale and stock records and accounts of any mill and take copies of or extracts from all or any of the said records or accounts for the purpose of testing the accuracy of any return or of informing himself as to the particulars regarding which information is required for the purposes of this Act or any rules made thereunder:

Provided that nothing in this section shall be deemed to authorise the examination of any description or formulae of any trade process.

10. *Information acquired to be confidential.*—(1) All such copies and extracts and all information acquired by a Collector or any other officer from an inspection of any mill or warehouse or from any return submitted under this Act shall be treated as confidential.

(2) If the Collector or any such officer discloses to any person other than a superior officer any such information as aforesaid without the previous sanction of Government, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine:

Provided that nothing in this section shall apply to the disclosure of any such information for the purposes of a prosecution in respect of the making of a false return under this Act.

11. *Power of Government to make rules.*—(1) Government may, after previous publication make rules for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely.—

(*a*) for prescribing the duties of the officers appointed under section 4;

(*b*) for prescrbing the manner in which any amount of duty paid in excess may be refunded;

(c) any other matter which is to be or may be prescribed.

Statement of Objects and Reasons

In view of the importance of oil-seeds in the national economy and since India is one of the world's principal producers of oil-seeds, the Government of India have considered it necessary to put oil-seeds research, development and technology on a more permanent basis than it is at present. To achieve this, they propose to set up an Indian Oil-seeds Committee which will have on it representatives of all the important interests concerned and who will devote exclusive attention to all problems connected with the improvement and development of the cultivation and marketing of oil-seeds, the production and marketing of their products and all matters incidential thereto. Since it is desirable that the Committee should have an independent source of income, they have proposed that, as in the case of their similar Committees, funds should be

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provided by the levy of an excise duty at the rate of one anna per maund on oil-seeds crushed in power-operated mills and have passed the Indian Oil-seeds Committee Act, IX of 1946.

Since Government have agreed to collaborate with the Government of India in their scheme it is necessary to accord statutory recognition to the Committee and provide for the levy of the duty. Hence this Bill.

Report of the Select Committee appointed to correction the Cochin Income-tax Act (Amendment Bill)

APPENDIX I

We, the members of the Select Committee appointed to consider the Cochin Income-tax Act (Amendment) Bill, have the honour to submit the following report.—

2. The Select Committee met three times and held detailed discussion of the various provisions of the Bill. After an elaborate discussion the Committee is of the view that the Agricultural Income should be treated separate from other sources of income and that it should be subjected to slightly lower rates of tax. While the Committee again has no objection to subject agricultural income to rates of income-tax as high as seven annas and even eight annas in the rupee when the income is above a lakh of rupees they are against the imposition of a super-tax on such income. The Committee has accordingly suggested in clause 10 of the Bill as revised by them a separate rate of tax for agricultural income which ranges from 6 pies in the rupee to 8 annas in the rupee. They have also increased the number of slabs with a view to prevent any sudden jump in the rates. The provision which the Committee has proposed in Clause 10 of the Bill is that where the total income of an assessee includes agricultural income, he shall have to pay in respect of the agricultural income, only the tax at the rates specified in that clause.

3. The Bill has provided that a sum of Rs. 3,000 should be deducted from the agricultural income of a person and that only the surplus should be taxable. The Committee feel that in the case of families and tarwads which are by law or custom impartible and when the income of such an assessee is large only because of this impartibility a bigger deduction depending upon the number of members in such family or tarwad should be allowed. They accordingly recommend that in such cases they should be entitled to a deduction of a sum of Rs. 250 for every member of the family or tarwad subject to a minimum of Rs. 3,000 and a maximum of Rs. 25,000. Such a deduction will be equitable in the case of incomes which are big only because the spliting of such incomes is prevented.

4. The Committee is of the opinion that the amendment tabled by Government to clause 4 of the Bill may be accepted and they would recommend accordingly.

5. The Committee also feel that the rate of super-tax under schedule III should be fixed at a maximum of 8 annas in the rupee and they have amended schedule III accordingly.

6. In view of the fact that the agricultural income has been brought within the provision of the Income-tax Act the question of reducing land revenue should be considered by Government.

7. Lastly the Committee feel that in view of the fact that the tax for 1123 is proposed to be collected on the basis of the income for 1122 and since the accounts for 1122 might not in all cases have been maintained properly, the assessee should be given a refund of the excess where the tax collected from him on the basis of the income of 1122 is more than the tax leviable on the actual income of 1123. The Committee recommend this only as a special case for this one year and Government could do this by issuing a notification.

8. The other amendments are consequential to the main changes proposed by the Committee.

9. A copy of the Bill as revised by the Committee is appended hereto. The Bill was published in the Cochin Government Gazettee dated 3rd Karkadagam 1122 and may be republished.

We have the honour to be,

Sir,

Your most obedient servant,

1. C. R. IYYUNNY, Minister for Revenue, Chairman (Signed)

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